

# Zakat

AND  
ITS POVERTY ALLEVIATION GOAL



MOHD MAHYUDI MOHD YUSOP  
NAZIRUDDIN ABDULLAH

Research Management Centre  
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA



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AND  
POVERTY ALLEVIATION

EDITED BY

MOHD MAHYUDI MOHD YUSOP  
NAZIRUDDIN ABDULLAH



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## CHAPTER SIX

### **ZAKAT DISTRIBUTION IN THE ECONOMIC DEVELOPMENT PROGRAMME: A CASE STUDY OF SELANGOR**

*Husna Jamaludin  
Nabila Ahmad  
Sharifah Nabilah Syed Salleh  
Naziruddin Abdullah*

#### **INTRODUCTION**

*Zakat* institutions play a significant role in the development of Muslim *ummah* especially in Malaysia. This is because the institutions act as an intermediary between *zakat* payers and the recipients. Malaysia is known to be one of the successful countries in management of *zakat* fund. Each state has its own *zakat* institutions with different strategies of administration. Currently, the development of *zakat* institution in Malaysia is remarkable with an increase in the collection of *zakat* fund from the well to do Muslims. Most of the *zakat* institutions fall under the management of the State Islamic Council (Majlis Agama Islam Negeri-MAIN). So far, only Selangor, Pulau Pinang and Sarawak have privatised both their *zakat* collection and distribution; whereas, Kuala Lumpur Federal Territory, Negeri Sembilan, Melaka and Pahang only privatised *zakat* collection, while other states are yet to privatise either collection or distribution (Hairunnizam and Radiah, 2010).

Since there are different methods of *zakat* administration in each state, this study only focuses on Selangor since the study of all states in Malaysia will entails enormous data which is not the scope of the study. Another reason for choosing Selangor for this study is because of its prosperity and being the richest state in Malaysia with a diversified economic activities by sectors namely: industrial, tourism, agricultural and commercial ([www.wikipedia.com](http://www.wikipedia.com)). In fact, Zulkefly et al. (2008) showed that Selangor has the highest rate in terms of *zakat* collection and distribution compared to the following three states; Kedah, Perak and Negeri Sembilan. The study depicted the total *zakat* collection from the year 1990 to 2001 is RM 267,726,945 in Selangor; followed by Perak, Kedah and Negeri Sembilan with RM 145,908,651, RM 75,655,364, RM 71,718,467 in that order. Furthermore, Selangor had the highest total of *zakat* disbursement during the same period with the total amount of RM 229,959,141 as compared to Perak with only RM 106,530,489, while total disbursement for Kedah and Negeri Sembilan stood at RM 54,423,385 and RM 44,273,387 respectively.

Consequently, the number of eligible *zakat* payers is expected to be higher in Selangor as opposed to the other states. Moreover, Nazifah (2007) showed that Selangor